

VESSELS AUTHORITATIVE CITATIONS

The following provides the authoritative citations for the Vessels Topic. In general, citations include sections of the Government Code, Revenue and Taxation Code, Property Tax Rules, Letters To Assessors, and legal annotations pertaining to the topic.

CITATION	DESCRIPTION
California Constitution	
<u>Article XIII, §1</u>	Unless otherwise provided by the California Constitution or United States law, all property is taxable and shall be assessed in proportion to its value.
<u>Article XIII, §3(1)</u>	Vessels of more than 50 tons burden in this state and engaged in the transportation of freight or passengers are exempt from taxation.
<u>Article XIII, §14</u>	All property taxed by local government shall be assessed in the county, city, and district in which it is situated.
Revenue and Taxation Code	
<u>§130</u>	A documented vessel is any vessel which is required to have and does have a valid marine document issued by the Bureau of Customs of the United States or any federal agency successor thereto, except documented yachts of the United States, or is registered with, or licensed by, the Department of Motor Vehicles.
<u>§209</u>	The exemption of certain vessels from taxation except for state purposes is as specified in California Constitution Article XIII, section 3(1).
<u>§209.5</u>	Right, title or interest in or to any vessel of more than 50 tons burden or 100 tons displacement, and the materials and parts held by the builder of the vessel at the site of construction for the specific purpose of incorporation therein, shall be exempt from taxation except for state purposes, while the vessel is under construction.
<u>§227</u>	A documented vessel shall be assessed at 4 percent of full cash value if it is engaged or employed exclusively in any of the following: <ul style="list-style-type: none"> • Taking and possession of fish or other living resource of the sea for commercial purposes • Instruction or research studies as an oceanographic vessel • In carrying or transporting seven or more passengers for hire for commercial fishing purposes and holds a certificate of inspection by the US Coast Guard.
<u>§228</u>	A vessel with a market value of \$400 or less shall be free from taxation. <ul style="list-style-type: none"> • Only applies to vessels used or held for noncommercial purposes. • Applies to not more than one vessel per assessee.

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§229	A "floating home," unlike a vessel, is not designed for navigation, but is built to be used as a stationary waterborne residential dwelling. Floating homes are treated as real property having base year values.
§254	Any person claiming the classification of documented vessel must file an annual affidavit with the assessor.
§255	The documented vessel affidavit must be filed with the assessor between the lien date and 5 p.m. on February 15.
§275.5	A partial exemption of 80 percent is allowed for a documented vessel exemption claim filed after February 15 but on or before the following August 1.
§441	Any person owning taxable personal property other than a manufactured home that cost \$100,000 or more must file an annual property statement.
§463	Taxpayers required or requested to file an annual property statement with the assessor must do so by 5 PM on the last Friday in May, or be subject to a penalty of 10% of the assessed value of the unreported tangible property.
§1137	When a ferry connects points in more than one county, the wharves, storehouses, and stationary property ancillary to the ferryboat operation are assessed in the county or counties where they are located. The ferryboat shall be assessed in equal portions in the counties it connects.
§1138	<p>Vessels documented outside this state, but travels regularly in California's waters and the owners reside in this state shall be assessed in this state. (home port rule applies)</p> <ul style="list-style-type: none"> • The "home port" rule pertains to situs of sea-going vessels, which are normally documented. Home port rule holds that the permanent and thus taxable situs remains the port where the vessel receives "opportunities, benefits, and protection," normally the home port or port of registration. Commerce Clause of the U.S. Constitution, article 1, section 8 permits vessels to be taxed at the port of registration or domicile of the owners.
§1139	When the vessel owner has removed the vessel from the place of documentation and so informs the assessor in writing, the vessel shall be assessed in the county where habitually moored.
§1140	Vessels, except ferryboats, regularly engaged in transporting passengers or cargo between two or more ports, and vessels, concerning which notice of habitual place of mooring has not been given, shall be assessed only in the county where documented.

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§1141	Vessels not required to be documented shall be assessed where they are habitually moored when not in service.
Property Tax Rules	
Rule 151	Provides guidance in identifying and assessing documented vessels.
Assessors' Handbook	
AH 576 (February 2002)	<i>Assessment of Vessels.</i> Contains extensive information about registration, identification, classification, and valuation of taxable vessels in California.
Letters to Assessors	
79/80	Vessels used in harvesting artificially seeded oyster beds qualify for the 1 percent assessment for documented vessels under §227.
82/43	Floating homes are not vessels, but rather must be assessed under Article XIII A guidelines as real property, except that their base year is 1979, not 1975, if no later change in ownership or new construction has taken place.
2013/061	Board-developed valuation factors for pleasure vessels, recommended to assessors as a guide for the mass appraisal of vessels.
Annotations	
740.0015	A combination of factors will determine whether racing boats present in a county on lien date have established taxable situs there.
740.0030	A documented vessel owned by an out of state corporation may still be taxable in California if it has continuous presence in a county.
740.0031	If an owner documents and relocates a vessel away from California to a foreign country, the vessel is still presumed to have situs in California until the owner established to the assessor that the vessel has acquired situs elsewhere.
860.0001	A documented vessel transporting scuba divers does not qualify for the §227 assessment.
860.0002	A documented vessel used for oceanographic research is eligible for the §227(b) assessment even if formal Coast Guard classification is delayed until after the lien date.
860.0010	The statutory timely filing and late filing deadlines for the documented vessel

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	exemption cannot be waived by the assessor.
860.0020	Vessels over 50 tons burden under contract to ferry drilling crews, supplies, and equipment to and from offshore drilling facilities, qualify for Constitutional exemption.
860.0021	To qualify for the Constitutional exemption, the vessel must carry freight or passengers for hire. Where this function is performed by a subsidiary corporation that is not truly independent of the parent corporation, the vessel is not "transporting freight for hire" and hence is not eligible for exemption.
860.0022	In order for a vessel that engages only partially in qualifying transportation activities to qualify for the Constitutional exemption, it must spend more than 50 percent of its time in such activity.
860.022.005	Vessels over 50 tons burden used to transport freight and passengers qualifies for an exemption. Tons burden means the net register tonnage, not the gross tonnage or the tonnage as measured under the International Convention of Tonnage Measurement of Ships of 1969
860.0023	Floating Homes. A floating home is treated as real property under section 229 for property tax assessment purposes. At issue is whether a floating structure that uses a pump-out boat to remove waste from the floating home to the city sewer system instead of having a "permanent continuous hookup to a shoreside sewage system" qualifies as a floating home under section 229. According to the memorandum, the legal department does not believe in this case the subject qualifies as a floating home under section 229.
860.0025	A vessel cannot qualify for both the homeowners' and the documented vessel exemption at the same time; the vessel owner must elect and properly claim one or the other.
860.0040	A vessel used exclusively to harvest sea oysters or to pump sea water inland for oyster beds qualifies for the §227 exemption.
860.0043	If a vessel documented in California and owned by a California resident is documented elsewhere and relocated, the assessor can continue to tax the vessel until the owner establishes the foreign situs to the assessor.
860.0045	Spare parts on board a constitutionally exempt vessel also qualify for exemption because they are considered part of the vessel, but those parts on shore are not exempt.
Legal Letters	

CITATION	DESCRIPTION
11/24/03	Sales and use taxes, as well as freight charges, should be included in the valuation of a vessel, where such charges actually were, or would be charged, in order to complete delivery of personal property to the customer.